

HOUSE BILL 872

By Haynes

AN ACT to amend Tennessee Code Annotated, Title 56,
Chapter 37, relative to premium finance
companies.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 56-37-102, is amended by adding the following as an appropriately designated subdivision:

() "Premiums financed" means any interest assigned pursuant to a premium finance agreement or other assignment in or relating to an insurance policy or contract of insurance, actually issued, to the extent of the rights retained by an assignor or assignee of that policy or contract of insurance for the refund of premiums paid.

SECTION 2. Tennessee Code annotated, Section 56-37-112, is amended by deleting the section in its entirety and substituting instead the following:

56-37-112.

(a) A premium finance company, seller, building or savings and loan association, bank, trust company, industrial loan and thrift company or credit union authorized to do business in this state that finances insurance premiums in connection with a sale or extension of credit, shall be deemed to have a perfected assignment in any premiums financed with the sale or extension of credit if the buyer or borrower signs a written agreement assigning an interest in the premiums financed to the premium finance company, seller, seller's assignee, or lender. No filing or other recordation of the premium finance agreement or financing statement shall be necessary to perfect the validity of the agreement as a valid assignment as against creditors, subsequent purchasers, pledgees, encumbrancers, trustees in bankruptcy or any other insolvency

proceeding under any law, or anyone having the status or power of the aforementioned or their successors or assigns.

(b) Title 47, chapter 9, shall govern the relative priorities of security interests in, and any right of set-off against, cash proceeds of a premium financed.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.